

Minutes of NHS Ayrshire and Arran Audit & Risk Committee Meeting

held on Thursday 20 March 2025 at 9.30am hours via Microsoft Teams

Present

Sukhomoy Das, Non-Executive Board Member (Chair)
Marie Burns, Non-Executive Board Member
Marc Mazzucco, Non-Executive Board Member
Neil McAleese, Non-Executive Board Member

In attendance

Claire Burden, Chief Executive
Derek Lindsay, Director of Finance
Amanda Dowse, Assistant Director of Finance (Governance and Shared Services)
Elizabeth Young, Internal Auditor, Azets
Paul Kelly, Internal Auditor, Azets
David Jamieson, External Auditor, Audit Scotland
Jack Kerr, External Auditor, Audit Scotland
Crawford McGuffie, Executive Medical Director
Roisin Kavanagh, Executive Director of Pharmacy (From item 6.4)
Debbie McGill, Head of Service, EA H&SCP Primary and Urgent Care (Item 6.3)
Lorette Dunlop, Head of Resilience (Item 6.2)
Judith Aspinwall, Financial Controller (Item 7)

Shirley Taylor (Minutes)

1. Apologies and declarations of interest

1.1 Apologies

The Chair welcomed everyone to the meeting, apologies were received from Jean Ford, Joyce White, Jennifer Wilson and Rachael Weir.

1.2 Declarations of interests

None noted. It was highlighted that the meeting was taking place at the same time as North Ayrshire IJB. It was confirmed that the Audit and Risk Committee was organised first.

2. Minutes of the meeting on 23 January 2025

The minute was declared as an accurate record of the meeting.

3. Matters Arising

3.1 Action Log

Six actions have been completed and one is not yet due for review.

3.2 Committee Work plan 2024-25

The committee workplan was shared for information with changes highlighted in red.

4. External Audit

4.1 External Audit Plan 2024-25

The external auditor presented the audit plan for 2024-25 and highlighted the two main purposes of the plan are to outline the scope of the audit and to identify the most significant risks. The key pieces of work within the plan were noted as the audit of the accounts and best value. It was highlighted that fraud concerns can be communicated to Audit Scotland at any point. The approach to the audit of the accounts was discussed and it was confirmed this centred around materiality and to evaluate and report any errors. One risk was identified relating to fraud of management overriding controls, it was confirmed this risk must be contained within all audit plans and is not specific to NHS Ayrshire and Arran.

One risk has been identified in relation to financial sustainability due to the Scottish Government Brokerage. The three-year financial plan which is presented to the performance Governance Committee continues to project deficits over the next three-year period. Part of the audit work is to consider this to see if it can be delivered.

Timescales were discussed and it was confirmed that the annual accounts have been requested to be submitted for audit by 5 May 2025 and are required by Scottish Government by 30 June 2025. The governance statement should include sections on the Boards Internal Audit reports on CRES and GP Sustainability, which will be disclosed within the governance statement of the accounts.

It was confirmed that a meeting has taken place to agree all timescales for the annual accounts.

Outcome: *The committee received the external audit plan for 2024-25*

5. Governance and Risk

5.1 Risk Management Strategy

The Executive Medical Director presented the updated Risk Management Strategy for endorsement. As part of the recent internal audit, four recommendations and one advisory were highlighted in the risk management processes, work is currently ongoing to address these.

Amendments to the Risk Management Strategy were approved by RARSAG in January 2025. Detail of training and support for staff has been added along with the definition of a target risk. There is a requirement for further mitigation to

identify the risk owner and target timescales as well as a visual representation for governance structures.

Discussion took place on the target dates and it was agreed that a target date is required however it would be risk dependent as to whether this could be a 12-month timescale. It was agreed the strategy would help to better define the target dates set.

Outcome: *The committee endorsed the changes to the strategy*

6. Internal Audit

6.1 Internal Audit Progress Report

The Internal Auditor presented the Internal Audit Progress report which is still on track to provide an overall audit opinion to the committee at the meeting in May 2025. Two pieces of fieldwork are in progress at the moment with draft reports still to be issued.

A recent webinar was shared with members highlighting the changes to the internal audit process which will now include a root cause analysis on all audits which was anticipated to add more value to the audits. This will involve going a little deeper into policies and procedures and will be managed case by case with staff involved at all steps. It is important that the scope of the audit and the number of recommendations are considered carefully.

Outcome: *The Committee received the progress report*

6.2 Internal Audit Report – Business Continuity Planning

The Internal Auditor presented the Business Continuity Planning Internal Audit report which centred on the effectiveness of the framework and testing of business continuity plans. Three yellow recommendations and one amber recommendation was highlighted as part of the audit. Good foundations were found to be in place with the introduction of a new sub-group. Feedback was received on the policy before approval which was found to be helpful. Quarterly stress tests are in place and there has been positive feedback to the contribution of these.

With regard to the improvement, it was identified that more quality assurance was required within the documentation along with the introduction of an annual confirmation from Directors to ensure the document suite is accurate. In terms of training, it was identified that some areas did not have plans in place with a core framework being developed to support this. Completion of plans was lacking in some areas and peer reviews have been suggested as the resilience team are not fully aware of how all areas work. Compliance with Business Continuity planning requires to be improved.

Outcome: *The committee received the internal audit report which will be circulated to the Integrated Governance Committee for monitoring of actions*

6.3 Internal Audit Report – GP Enhanced Sustainability Payments

The Internal Auditor presented the GP Enhanced Sustainability internal audit report to members and advised the scope of the audit was focussed on payments to 17c practices which are locally run with negotiated contracts. The fieldwork for this audit was very well supported by the management team who were involved in all visits. The reason for the audit was this was highlighted as an area of concern and weakness. The report was red rated containing seven grade four recommendations.

The significant points highlighted in the audit was a general lack of understanding as to what payments related to and how these should be controlled and managed, the contracts and documentation was found to be out of date, the terms and conditions were unclear, no assurance that services were being delivered and no process in place to review contracts. It was reiterated that there was positive engagement from the management team who ensured all work was facilitated and there was a positive response to the report overall. A letter was received from the Head of Primary and Urgent Care following the report being issued to reinforce the importance of this work and the commitment by the management team to address the findings.

The Director of Finance advised that sustainability payments pre-date the IJBs with payments being made for over 15 years with little changes within this period. The challenge was explained to members when 17C practices hand the contract back to the Health Board to manage they become 2C practices. These prove to be more expensive to run and providing sustainability payments assist to reduce the numbers handing back contracts by giving money to those with an exceptionally low population base in order to make these practices more viable. Cumbrae receives the biggest payments with the global sum being based on how many patients are on the list. Practices with smaller populations have less opportunities to naturally generate income, both core e.g. global sum (capitation style payment) and enhanced services (activity based). The payments were used to maintain GP led practices by giving additional money to top up the core amount. Questions were raised regarding the new GP contract in 2018 as to whether the sustainability payments required to continue hence the undertaking of the audit. If this service is withdrawn it could lead to challenges from the GP sub-committee as well as individual practices, although this will not be easy it is necessary to consider given the findings of the audit.

The Head of Service for EA H&SCP Primary and Urgent Care attended the meeting to provide members with assurance of progress against the audit findings. An assurance group has been developed to review the findings with an action plan put in place for all actions to be followed through appropriately.

A question was raised with regard to the governance route for reporting of the progress against recommendations and it was agreed this requires to be a shared approach and will be reported via the East Ayrshire IJB Audit and Performance Committee but would also remain the responsibility of the Audit and Risk Committee for monitoring of actions.

ACTION – Debbie McGill

Outcome: *The committee received the internal audit report which will remain with the Audit and Risk Committee for monitoring of actions*

6.4 Internal Audit Follow Up Report

The Internal Auditor provided the quarterly follow up of recommendations with a specific appendix on CRES. Overall substantial progress has been made with only 12 overdue actions reflecting more focus by management. One action has been superseded with committee agreement to close the action to alleviate duplication.

Clarification was requested regarding the progress against the CRES audit and the review of the FPR prior to submission to the Scottish Government not being possible to implement. The Director of Finance confirmed that due to the submission date to Scottish Government on 19th of each month, there is not time to take this to a governance committee in the short timescale between preparation and submission. There is a process in place to focus on CRES which has been delivered as well as the forecast for remainder of year, detailed reports are in place for each area with sign up by the Senior Responsible Officer. The Internal Auditor advised there is a risk of disconnect between what is being reported to Scottish Government and the internal view however if there is agreement of the content being agreed internally prior to submission then the action could be closed by the next meeting. The Chief Executive confirmed that there are assurance processes in place and the reports are reviewed and signed off by Directors prior to submission.

A follow up question was raised as to how many projects have been transferred onto workbooks, it was confirmed this would depend on the size of the project as to whether this would be a Plan on a Page or a full workbook. Quality control of these is undertaken at the Improvement Programme Steering Group. Only once the plans have been approved and prioritised will they be added to the tracker. It was agreed that a schematic list of the plans would be developed for the committee. It was also confirmed that there is a master CRES tracker to monitor progress on a monthly basis for assurance and monitoring purposes.

ACTION – Claire Burden

Outcome: *The committee received the follow up report*

6.5 Internal Audit Plan 2025-26

The Internal Audit plan for 2025-26 was approved for submission to the NHS Board.

Outcome: *The committee received the Internal Audit Plan which was approved for submission to the Board.*

7. Fraud

7.1 Counter Fraud Update Report

The Financial Controller provided the routine update on fraud prevention work. The fraud self-assessment was discussed in detail at the January committee meeting and has since been reviewed by Jean Ford as the Fraud Champion. The

committee were assured that the substance of the standards are being delivered however some metrics and data may be lacking hence the reason the standard cannot be completed. This is being taken forward as all elements need to be completed for the standard to be fully met. If standards are not being fully met a plan needs to be put in place to deliver these. Four standards are being fully achieved. There was a focus on Counter Fraud Week and sharing of the new FLO email address. Standard 11 will be the focus within the 2025 action plan and the promotion of training will be undertaken. The delivery of all standards will take place over several years.

It was agreed that a timeline of actions would be developed to easily highlight which standards are being met and plans in place to meet the remainder.

ACTION – Judith Aspinwall

Outcome: *The committee received the report*

8. Tender Waivers & Procurement

8.1 Tender Waiver / Quick Quote Report

The Assistant Director of Finance presented the routine tender report highlighting that there have been 15 new waivers submitted since the last committee. Seven of these are standing waivers and eight were one off waivers. Many of the waivers are Estates related for maintenance by the sole supplier or manufacturer. There has been an increase in quarter four due to annual maintenance renewal dates. A request has been made for Estates to review waivers for multi-year maintenance agreements.

Outcome: *The committee received the report*

9. Any other competent business

9.1 ARC Workplan 2025-26

The committee received the draft workplan for 2025-26 with no additions or amendments.

Outcome: *The committee received the workplan*

9. Key issues to report to the NHS Board

The following items were agreed to be reported to the Board:

- External Audit Plan
- Internal Audit – Business Continuity Planning and GP Enhanced Sustainability Payments
- Internal Audit Plan 2025-26

10. Risk issues to report to the Risk and Resilience Scrutiny and Assurance Group

Discussion took place as to whether the GP enhanced Sustainability Payments Internal Audit should be reported via RARSAG. It was agreed it would be useful

to feed this back along with the endorsement of the changes to the Risk Management Strategy.

ACTION – Crawford McGuffie

11. For Information

The following items were shared for members information:

- IJB Finance Bulletin 2023/24
- Counter Fraud Services Quarter 3 Report 2024-25

12. Date of next meeting

Thursday 15th May 2025 at 9.30am via Microsoft Teams/Venue to be confirmed

Approved by Chair of the Committee:

..... Date: